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Global Advisory Board

An article from the board that merits your attention

Essential skills for the 21st century CEO

Driving company success in the 21st century

The evolution in the style of the successful CEO over the past several decades has been dramatic. Today's style, marked by collaboration and efforts to mold consensus, and alignment, was preceded by a micro-managed, top-down hierarchical and power-driven approach. The expectations facing today's company leaders are immense, the business environment more fast-paced, customers and stakeholders more demanding and the level of scrutiny to which they are subjected more intense. To deliver solid results against this backdrop, company leaders need a blend of the "traditional" business skills and "new-era" qualities, but it is in getting the balance right that defines success.



Michael Miles (United Kingdom), former Chairman and CEO of the Swire Group and Chairman of Schroders: "Today's CEO must operate very differently from his predecessors. The importance of articulating his envisioned future state for the company and inspiring his people to move forward as a team to execute a clearly defined and well communicated strategy cannot be overemphasized."



Honorable Sheila Bair (United States), former Chair of the FDIC: "It's not enough to have a vision. You have to motivate your employees by communicating that vision and the importance of their individual roles to its execution. The leader needs a good cadre of 'sergeants' to help in communicating this and inspiring employees to keep driving toward successful execution."

New findings shift emphasis on what drives success

Companies fail not because they don't understand the market; they fail because they don't understand themselves. "What Drives a Company's Success," is a recently published global survey and the findings turn the tables on the long held view that a company's biggest problem is its tendency to remain too internally focused, rather than its failure to keep a close eye on the market.

The survey¹ was conducted across 700 senior-level executives across several industry sectors globally, and the findings of the report conclude that companies are not applying the same level of rigour used to analyze the market to evaluate themselves. The findings of the report reveal some startling results. Of six strategic issues that are most problematic for companies, only 36% of executives felt their leaders were good at both **a)** answering questions about their company's

¹ What Drives a Company's Success: Booz & Company, New York October 2013

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Gordon Peeling (Canada), Former CEO of the Mining Association of Canada:

“One might not think the verbs describing the attributes of the ‘best-of-the-best’ of modern CEOs are all that different from a decade ago. But, the focus has shifted to the empowerment of the internal team, creating a culture of success in execution of the strategic plan and communicating the role and responsibilities of everyone in achieving the plan. This shift in focus defines a new leadership that is less personality-driven, less command and control-driven and more inclusive and visionary. Since many of the challenges arise out of a failure to ‘know thyself,’ the need to understand the details of operational capacities in terms of both personnel and resources and how they are brought to bear in executing on success is paramount.”

strategy and identity and what will lead it to long term success and b) keeping the company on track in executing its own strategy. Clearly, understanding your customer is pivotal to success. However, the defining factor, enabling the best performing companies to outclass their peers, is their ability to understand their identity and capabilities alongside their capacity to leverage these fully and achieve “disciplined execution”.



Hank McKinnell (United States), former CEO of Pfizer: “We all remember ‘the thrill of victory, and the agony of defeat,’ from the Wide World of Sports. A fellow Director’s comment, this past year, that the organization suffered from too much ‘me’ and not enough ‘we’ made me realize that someone who has never experienced the thrill of victory probably does not feel the agony of defeat. Help your people and your organization experience the thrill of victory and you will have a team that is based on the ‘we,’ not the ‘me.’”



Brand Pretorius (South Africa), former CEO of McCarthy Holdings: “The top performing organizations of the future are likely to be virtually layerless and increasingly boundaryless. Twenty-first century leaders will therefore have to look differently at the multitude of challenges of their new world. Information will become transparent and will be shared with everybody. As a result leadership will become more and more inclusive and engaging. Outstanding leaders will earn their influence. Winning companies will become communities where people are inspired by the same vision, believe in the same values and work together towards the attainment of the same objectives. This is the essence of the challenge of leading effectively in the twenty-first century.”

Fully leveraging internal capabilities

If you don’t walk the floors, be that at 11am or 2am, and get out among the people, you don’t see or hear of the problems: duplication of effort, bottlenecks, poor utilization of people, material and equipment and so on. Many organizations experience difficulties implementing strategic projects and for many different reasons. While those at the top need to steer clear of the trap of micro managing at a granular level, it is critical for them to understand the everyday activities of the organization and how all the parts fit together to move the company forward.

The devil is in the detail

Similarly, while less glamorous perhaps than formulating strategy, operations matter. The survey revealed that over a third of executives were concerned over the company’s ability to execute their strategy. Companies need to be agile, with change initiatives implemented swiftly. But the devil is in the detail and the approach demands rigour. Today, you need to drive your ideas right down into the organization, into behaviors, into culture, into efficiency and into performance at all levels and your plans need to be rigorous and supported by regular check points and reviews to keep abreast of progress.



Bob Lutz (United States), former Vice Chairman of General Motors: “I maintain, as did Tom Peters decades ago, that the successful leader must practice ‘simultaneous loose-tight.’ That means certain key goals, policies, beliefs and methods reflect the CEO’s core philosophy. They are subject to debate, certainly, but, once settled, they are inviolate and non-negotiable. That’s the ‘tight’ part. But, other than that, the ‘how’ of executing leadership’s direction; what resources to call on; how to spend the available budget; how to organize the process flow.... these can be ‘loose,’ i.e., not subject to the CEO’s personal scrutiny. (This does not mean that CEOs can cheerfully delegate and hope ‘the folks’ do a good job: all highly successful leaders do an OCCASIONAL deep-dive into the front-line detail, just to make sure. This is why a well-selected, well-informed, well-motivated team of sub-leaders becomes so important. This is not unlike the hugely successful US Marine Corps, in which the officers supervise and set direction, with the actual ‘running’ of the Corps left to well-informed, well-trained, culturally-unified Corporals and Sergeants.”



Honorable Steve Bartlett (United States), former CEO of the Financial Services Roundtable: “Expectations for the 21st century CEO are higher than ever before. The stakes are bigger, and the leash is shorter. No one ingredient will succeed these days. Success in the C-Suite requires a healthy combination of vision, character, intellect, compassion, communications, focus, perseverance, empowerment and... humility. As Thomas Edison said, ‘Vision without execution is hallucination.’
Of those ingredients, which is the most important? That’s the big news here: it takes them all, in full measure.”

Empowering your people

Twenty-first century leaders cannot do everything themselves. Empowerment is essential, as is their ability to build a strong team of leaders across the organization, capable of delivering the agreed strategy, rolling out the plans, talking corrective action as needed and creating company agility.



Frank Feder (Brazil), current CEO of Alcoa Latin America: “As the pace of change accelerates exponentially, it is clear that the 21st century CEO needs to be bold and creative while rigorous in execution.”

Creating a winning culture

Successful CEOs in the coming years will be those that realize the importance of creating a strong company culture and one that empowers people, developing the right mind set, motivation and passion to succeed. For the past four years, for example, Google has topped Fortune’s annual poll of “top employers to work for,” its quirky form of uniqueness pivotal to its success. Culture is important for organizations, but less than 10% of companies actually build a winning culture and are able to maintain it. Culture forms the backbone of the organization and a leader’s role is critical. While each company culture is unique, those at the top need to embody the values and behaviors, inspiring their people to deliver and making them feel valued and more engaged.

Communicate, communicate, and communicate

Effective communication is essential if a leader is to untap his company’s true potential. Business leaders today are subjected to greater scrutiny than ever before, operating as they do in a world with far greater transparency. Thus, if there is one skill that has come to greater prominence in the 21st century, then it is the CEO’s ability to communicate, and to do this well. The



David Turnbull (Asia), former Chairman and CEO of Cathay Pacific Airways: “One piece of advice I was given many years ago at Stanford University is that a leader does not want to be too predictable. Of course that does not mean being erratic, but staff should not always be able to second guess their leader. A touch of ‘what will he/she think?’ from time to time is no bad thing.”

rise of social media has transformed the corporate landscape, making business a two-way conversation and one that is held around the clock. Compared with ten or even five years ago, the flow of information is much more immediate but equally less structured, making it more challenging for business leaders to engage effectively with all their stakeholders.



Ray Wilcox (United States), former CEO of Chevron Phillips Chemical: “Yes, today’s leaders must find a good blend of ‘traditional skills’ and ‘new-era’ qualities. But, that blending does not change the leader’s fundamental role of making the tough decisions about needed changes and leading those changes. Since strategy without good execution accomplishes little, many of those changes are internal to the organization and affect people and the way they work together. If you want a ‘winning culture’, create change around an improved strategic execution plan based on efficient, focused, straightforward and measured work processes; and then give people the training and tools to succeed.”



Jose Pablo Arellano, former Chief Executive of Codelco (Chile): “In today’s hyper-charged, highly competitive, business environment, managing a company has become even more challenging with the new more consensus-driven requirements of today. While fast, unilateral decision making like that of the old, more autocratic model would be desirable by some CEOs, it is more important to “get it right, than get it right now.”

And on top of all these qualities, the successful 21st century CEO needs of course to be a visionary, personable and capable of seeing the bigger picture under all circumstances, enabling them to steer their company along the path to prosperity and growth. So, while some elements of how businesses operate remain the same regardless of the generation, a significant shift has taken place. Those CEOs who will be successful in the 21st century are those that recognize such changes and adapt their approach accordingly. ■



Roger Kenny (United States), Founding Partner of Kenny Boardroom Consulting: “It’s true, CEOs have to evaluate themselves helped by their Board of Directors, but they also have to make sure they have the right players on their team. This includes having a successor in the ranks. Practically every company that failed during our recent Great Recession had no successor in the ranks. Just look at Microsoft with the wrong CEO and nobody in the ranks. What it’s going to cost and how long it’s going to take to reposition themselves in a fast moving difficult market is unknown. We used to say it takes five years to groom a CEO. I think that’s still true today. Realistically, not every company can groom enough talent within their own ranks so management and directors have to be actively on the lookout for proven general managers.”